

§ 204.9

12 CFR Ch. II (1–1–09 Edition)

§ 204.9 Reserve requirement ratios.

The following reserve requirement ratios are prescribed for all depository institutions, banking Edge and agreement corporations, and United States branches and agencies of foreign banks:

Category	Reserve requirement
Net transaction accounts:	
\$0 to \$10.3 million	0 percent of amount.
Over \$10.3 million and up to \$44.4 million.	3 percent of amount.
Over \$44.4 million	\$1,023,000 plus 10 percent of amount over \$44.4 million.
Nonpersonal time deposits	0 percent.
Eurocurrency liabilities	0 percent.

[Reg. D, 73 FR 57490, Oct. 3, 2008]

§ 204.10 Payment of interest on balances.

(a) *Payment of interest.* The Federal Reserve Banks shall pay interest on balances maintained at Federal Reserve Banks by or on behalf of an eligible institution as provided in this section and under such other terms and conditions as the Board may prescribe.

(b) Except as provided in paragraph (c) of this section, Federal Reserve Banks shall pay interest at the following rates—

(1) For required reserve balances, at ¼ percent;

(2) For excess balances, at ¼ percent; or

(3) For required reserve balances or excess balances, at any other rate or rates as determined by the Board from time to time.

(c) *Pass-through balances.* Any excess balance held by a pass-through correspondent that is not an eligible institution is deemed to be held on behalf of the pass-through correspondent's respondents. A pass-through correspondent may pass back to its respondent interest paid on balances held on behalf of that respondent. Such a payment is not a payment of interest on a demand deposit for purposes of Part 217 of this chapter (Regulation Q).

(d) *Definitions.* For purposes of this section—

(1) *Clearing balance* means the amount that an eligible institution holds to satisfy a contractual clearing balance agreement with a Federal Re-

serve Bank, in addition to any required reserve balance.

(2) *Eligible institution* means—

(i) Any depository institution as described in § 204.1(c) of this part;

(ii) Any trust company;

(iii) Any corporation organized under section 25A of the Federal Reserve Act (12 U.S.C. 611 *et seq.*) or having an agreement with the Board under section 25 of the Federal Reserve Act (12 U.S.C. 601 *et seq.*); and

(iv) Any branch or agency of a foreign bank (as defined in section 1(b) of the International Banking Act of 1978, 12 U.S.C. 3101(b)).

(3) *Excess balance* means the average balance held in an account at a Federal Reserve Bank by or on behalf of an eligible institution over a reserve maintenance period that exceeds the sum of the required reserve balance and any clearing balance.

(4) *Required reserve balance* means the average balance held in an account at a Federal Reserve Bank by or on behalf of an eligible institution over a reserve maintenance period to satisfy the reserve requirements of this part.

(5) *Targeted federal funds rate* means the federal funds rate established from time to time by the Federal Open Market Committee.

[Reg. D, 73 FR 59485, Oct. 9, 2008, as amended at 73 FR 65507, Nov. 4, 2008; 73 FR 67714, Nov. 17, 2008; 73 FR 78617, Dec. 23, 2008]

INTERPRETATIONS

§ 204.121 Bankers' banks.

(a)(1) The Federal Reserve Act, as amended by the Monetary Control Act of 1980 (title I of Pub. L. 96–221), imposes Federal reserve requirements on depository institutions that maintain transaction accounts or nonpersonal time deposits. Under section 19(b)(9), however, a depository institution is not required to maintain reserves if it:

(i) Is organized solely to do business with other financial institutions;

(ii) Is owned primarily by the financial institutions with which it does business; and

(iii) Does not do business with the general public.

Depository institutions that satisfy all of these requirements are regarded as *bankers' banks*.